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JPRS Report

East Asia

Korea

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POLITICAL

'Difficult' Tasks for New Prime Minister, High Expectations From People

41070039 Seoul MAEIL KYONGJE SINMUN in Korean 12 Feb 88 p 2

[Editorial: "The New Prime Minister: His Tasks Are Multitudinous, His Burdens Heavy, but His Novelty Beckons Great Expectations"]

[Text] 1. Amid the intense glare of expectations and interest of the entire people a man has been unofficially designated as the new prime minister to lead the first cabinet of the Sixth Republic. Given the extraordinary significance of the scheme composed of a new republic, a new president, and a new prime minister, the limitations in his authority notwithstanding, the new prime minister will be of greater relative importance than any other leader of the past cabinets.

To begin with, what sets Prime Minister-designate Yi Hyon-chae apart from other prime ministers of the past is that he will be the first prime minister of the Sixth Republic championing the cause of democratization. First and foremost, he will have to devote himself to the task of solidifying the foundation of the Sixth Republic. Although President-elect No Tae U has already sketched out an outline of what should be the historically correct posture for the Sixth Republic, the actual work of filling in the blank space step by step to give substance to that framework awaits the new prime minister. In that process, the first issue to face him will be the question of linkage with the Fifth Republic.

In this regard, we take heed of the necessity for the Sixth Republic to willy-nilly seek ways to sever ties with the Fifth Republic. It is not that we are ignorant of the merit of administrative continuity; it is that we believe mental severance from the Fifth Republic clearly is a sine qua non for the Sixth Republic in terms of its basic ideology and orientation. It is because we believe that this is the only way we can erase certain chapters dotting our political history and enable us to make a fresh, new start.

All the problems before us, including the ones now being tackled by the National Reconciliation Council, are reminding us of the dire need for a conceptual turnabout. They are also reminding us of the reality that a conceptual turnabout is easier said than done. These are all the more reasons why the new prime minister must not forget the historical ethos of the Sixth Republic. That ethos extends far beyond the realm of the usual redirection of the public sentiment or run-of-the-mill administrative reforms. It has to be so because we are at the stage where all the shackles of dictatorship and autocracy that have tied us down for so long must be removed and the curtain raised to usher in an era of democracy so we may live like human beings.

We realize of course that, under the president-centered system of government, there would be a limit to how far the new prime minister could go in demonstrating his abilities. Nevertheless, this limitation has no place in the people's expectations toward him.

The boomerang effect of having witnessed so many prime ministers of little substance who were mere mouthpieces is now making the people crave for a prime minister who is different somehow. A statement repeatedly made by President-elect No has had something to do with this craving as well—the statement promising that he would see to it that the new cabinet will have more substantive authority. As a result, the people are now expecting the new prime minister to stage the kind of performance normally expected of a prime minister under the cabinet-responsible system of government.

2. For this, that, and the other reason, the new prime minister is destined to become a prime minister of many tasks and heavy burdens. But we feel confident that this man, who is slated for that position, is quite equal to the tasks and burdens.

We feel this way because, if nothing else, he should at least have gut-felt appreciation of the sufferings and pains of our times.

He is a man who, as a university president, has had to experience deep agonies as well as a painful sense of responsibility at the campus where tear-gas grenades used to rain from all directions.

Additionally, he is a man graced with courteous, sincere personality—a man by nature despises authoritarianism. Moreover his profound knowledge of economics will prove to be a valuable weapon in combatting and finding solutions to the knotty problems of the people's livelihood. But what makes him precious—perhaps more than anything else—is his scholarly conscience. When told of his informal selection as the new prime minister, he reportedly said, as if to himself, that this was no time for a school teacher to show up on the political stage. It is from this pregnant remark that we can sense something of deep significance permeating from his scholarly conscience.

In some way, perhaps this may be the time such scholarly conscience is needed more acutely than ever before. It is just possible that unalloyed scholarly style may rather fit this particular period better than either the statesmanship tested and hardened on the political stage or the administrative experience gained and polished from holding public positions. We say this because any preconceived opinion, we believe, is bound to hinder, rather than facilitate, the work of building a new order.

This point becomes self-evident if one considers the would-be disposition of the Kwangju issue as an example. If a person were either personally involved, directly or indirectly, in the matter or wedded to the logic of any one side, his potential for having the case resolved justly would be limited.

This point applies not just to the handling of the Kwangju issue but to the redressing of the injustices of the Fifth Republic as well. Being free of preconceptions will also prove to be a positive factor in solving many other problems facing us such as the problem of class and regional conflicts and the question of bringing about economic justice.

Presumably these factors serve as the basis for the selection of the man for the position of prime minister. If so, in it we can read an indication of President-elect No's criteria for the selection of fit persons for higher positions. As the basis for his personnel selection, which will have to be the means by which his promise to wipe out authoritarianism can be concretized, President-elect No seems to be attaching more weight to an individual's freshness and personal philosophy than to the person's ability, which of course will be a factor.

We make this observation because, even though it remains to be seen whether this was the basis merely applied to the selection of the new prime minister alone, we at least believe that the prime minister-designate is a man who is in accord with the conscience of the time in terms of his philosophy, ideology, and past conduct.

3. Recognizing the inevitability of many tasks and heavy burdens awaiting the new prime minister, we cannot help but feel concerned about his pace ahead.

Our concern is prompted by the grapevine that tells us that the new Prime Minister is to be given much broader discretionary authority in not just administrative matters but political affairs as well. Granted it may be difficult for the first prime minister of the Sixth Republic to keep himself above politics; but, given the mountain of tasks facing him, it would be unfortunate if his pace were to be slowed down on account of political burdens imposed on him.

Politics aside, there are numerous problems which we must deal with right away.

First of all, with our per-capita GNP about to reach \$3,000, the work of internationalization is becoming a matter of urgent necessity.

Given the reality that the lives of nearly half of our people are already linked to foreign countries in one form or another and the scope of such international involvements is expanding at an increasing tempo, the question of how to deal with the internationalization trend alone will entail a mountain of work.

Then there is the matter of properly gearing ourselves to the era of technology. This is a life-and-death issue on which depends our tomorrow's survival in the world of competition against advanced nations.

Yet another question facing us is the reality that the problems arising during the course of transition to a pluralistic era will by no means be easy to solve.

It was the consequences of our past failures to effectively deal with these problems that led to the manifestation of the public anger—a phenomenon that even surprised ourselves.

Additionally, there are the questions of preparing ourselves for reunification of the land and, as a preliminary to it, the question of policies toward North Korea. Just these questions alone would be enough to crowd the higher rungs of the priority ladder.

It is therefore our hope that the new prime minister will, instead of being fettered by politics, be allowed to devote more of his time to these problems.

The new prime minister admittedly is a man of scholarly background. Rather than hoping to discover new, hidden talents out of him, it would be better to allow his strong points to exalt themselves in a natural sort of way.

Indeed, much is expected of the man who is to lead the first cabinet of the Sixth Republic.

9977/9274

ECONOMIC

Investors Stymied by High Taxes for Real-Property Transactions

41070041 Seoul MAEIL KYONGJE SINMUN in Korean 12 Feb 88 p 7

[Article by Reporter Kang Yong-chol: "A Study of the Taxation on Real Estate Transactions"]

[Text] The whole country is being hit hard by a craze for speculation in real estate. In the case of the central region, where lucrative opportunities abound such as the ones related to the development of its western seashore, statistics have revealed that 70 percent of those involved in land transactions are individuals from outside the region. In view of this, the National Tax Administration Agency [NTAA] has drawn up a set of stern countermeasures including a decision to investigate 540,000 cases of land transactions to determine whether they are speculative in nature. The number of specially designed zones, where real-estate transactions are subject to a higher rate of tax, has been expanded to a total of 599 zones. But the general public is not affected by these measures of scrutiny planned by the NTAA because they are aimed entirely at professional speculative activities beyond the bounds of the accepted norms. As has been repeatedly

emphasized by Director Song Yong-uk of the NTAA, it is the agency's policy to protect sound investment by working people desiring to increase their assets. Against this backdrop, what follows is a review of potential tax problems that could arise at each phase of a real-estate transaction.

Gift-Tax Questionnaire: Proof Required on Source of Fund

A man buys and moves into a house; some time thereafter, one day, without advance warning, he receives in the mail a questionnaire on gift tax from the tax office.

The questionnaire demands the homeowner to provide proof of the source of the funds with which he was able to purchase the house.

Receiving such a questionnaire is enough to drive any ordinary citizen into a tizzy.

Actually, however, insofar as this matter is concerned, the recipient has nothing to worry about.

All he has to do is to be able to prove the legitimacy of the money he used to purchase the house by producing, for example, a certificate of his income tax withholding as evidence of his income level or a proof of bank loan if he had secured such a loan to pay for the house.

Of note is that this questionnaire is mailed indiscriminately even to those who fall in the category of one household owning one home. This happens because the NTAA's computer section collects the data on all real-estate transactions and sorts out the ones that do not meet a certain established standard; it is to those non-standard cases that the questionnaire is mailed automatically.

The NTAA will not send the gift-tax questionnaire if a real-estate transaction belongs to any of the following criteria: acquisition of 9,000 pyongs or less of farmland by an individual who is already subject to the farmland tax; acquisition of a house valued 50 million won or less by the head of a household who is of 30 years or older; acquisition of real estate and other properties valued 20 million won or less by either a man or a woman who is 30 or older and who heads a household; and acquisition of real estate valued 2.5 million won or less by all others.

On all other real-estate transactions outside the criteria cited above, the NTAA is sending the questionnaire, asking the buyer to provide verification of the source of fund used for the property acquisition.

As a general rule, the acquisition value of a property is assessed based on the standard market value determined by the Ministry of Home Affairs; however, in the case a property located within the specially designated zone,

the assessment is at the discretion of the NTAA using its own standard of market values—the value so assessed usually is less than the actual acquisition price.

In any event, in terms of the verification requirements, the NTAA normally accepts it as sufficient bona fides if the buyer can verify the source of funds sufficient to cover approximately 80 percent of the total acquisition value.

In some cases, the buyers may not be able to provide documentary proof of their earnings due to the nature of their occupations—an on-call housekeeper, an itinerant vendor, for example; even these ordinary citizens need not worry because, as long as the deals they are involved in are judged to be in line with what the society generally considers as acceptable, the NTAA will not impose gift taxes on them.

Regardless, what everyone must remember is this: When you receive the gift-tax questionnaire by mail, you should either pay a personal visit to an appropriate official at the local tax office and present him with the proof of income or send such a proof by return mail.

The reason is simple: neglecting to pay a visit to the tax office because it is a nuisance would result in a calamity in the form of being levied a surprise tax.

Meanwhile, as part of its overall countermeasure against real-estate speculation, the NTAA plans to conduct its own investigations into the source of fund against anyone purchasing a piece of land worth more than 100 million won.

But such investigations will not be launched unless the NTAA has sufficient reasons, based on its preliminary inquiries, to suspect speculation; as such, here again, ordinary citizens have little to be concerned about.

The gift tax is computed by subtracting 1.5 million won from the assessed amount of gift and applying the gift-tax rates ranging from 7 percent to 67 percent to the balance.

For example, a person who has purchased a house valued at 30 million won but is unable to verify the source of fund used for the acquisition is liable for a tax levy as high as 11.262 million won including the national defense tax.

Transfer-Gains Tax: Tax Rate of 30 Percent Applicable to People's Housing

The gains derived from sale of a house is subject to the transfer-gains tax. This tax is exempted, however, if the house sold had been owned and lived in for over a year by the same family.

Additionally, the tax-exempt privilege is also accorded to the following exceptional cases as stipulated under the existing tax code even if the seller has not lived in the house over a year: if the sale of the house was necessitated by the seller's need to move to another town, up, or ri ["up" and "ri" are administrative subdivisions] for reasons of children's education or employment, medical care of sick members of the family, or his own business circumstances; if the sale involves a detached house newly built by an individual who owns no house of his own; and if the house sold had been owned by the seller for more than 3 years.

Also, even if a person planning a move to another locale buys a house there in advance of the move and thereby temporarily puts himself in the "one household, two houses" category, as long as he sells the old house within 2 years, he will not lose the "one household, one house" status for tax purposes.

When a person owning a house inherits another house as a result of the death of his parent, he is exempt from the transfer-gains tax on the second house.

Particular care is warranted when selling a residence combined with a store.

In such a case, it will be adjudged as meeting the "one household, one house" criterion if only the floor space of the residential portion is larger than that of the store portion.

If, on the other hand, the store portion is larger than the residential portion, the seller must pay the transfer-gains tax even though the residence was in fact the only one owned by his household.

The basic rate of the transfer-gains tax is 40 percent; however, the rate is reduced to 30 percent for the so-called people's housing with a floor space of 25.7 pyongs or less.

But if the real estate sold had been owned by the seller for less than 2 years, the tax rate goes up to 50 percent.

When a person buys a piece of real estate and resells it without even having it registered in his name, the tax rate jumps to 75 percent; taking into account the national defense tax which is another 20 percent, the actual tax will amount to 90 percent, which means that the seller will have to give up most of the gains to the taxes.

In such cases, however, a "resale before registration" refers only to "a failure to register despite the circumstances that permitted registration."

For instance, in the case of an apartment built by the government-run housing corporation, sometimes the right of registration is not given to the owner until the loan is fully repaid; thus, if the circumstances did not

permit registration as in the sample case cited above, the sale of such a property will not constitute a resale before resignation. Sale of a building which is either unlicensed or uninspected upon completion does not constitute a resale before registration either.

When the winner of a lucky number that gives him the eligibility to purchase an apartment sells that eligibility to another person at a premium, that premium is subject to the transfer-gains tax. Such a premium is taxable at the rate of 50 percent.

The transfer-gains tax is assessed on the basis of the standard market value as surveyed by the Ministry of Home Affairs in the case of general areas and of the market value as determined by the NTAA in the case of specially designated zones.

Whenever the acquisition and sale prices of the property can be ascertained, the general rule of course is to use the actual transaction values as the basis for assessment.

In connection with the transfer-gains tax, a matter of the greatest concern is the question of how belated designation of an area as a special zone will affect the determination of transfer gains.

Let us assume a situation wherein when a piece of real estate was purchased the area was not in a specially designated zone but subsequently it was declared a special zone. In this case, the purchase price of the property is determined analogically on the basis of the sale price as assessed in accordance with the NTAA-established criteria of market value applicable to the specially designated zones.

In other words, this means that two different standards will not be applied in determining the property value—the special-zone standard to the sale value and the regular standard to the purchase value. Otherwise, given the fact that the regular standard is equivalent to 20-30 percent of the actual transaction value while the special-zone standard is as high as 80 percent of the same, outrageously high transfer gains will result, making heavy taxation inevitable. It is to eliminate such contradictions that the NTAA devised the computation formula mentioned above.

Another point that warrants attention is that transfer gains are figured out even when a piece of real estate, held only briefly by the owner, is resold with no changes having occurred between its acquisition and resale values in terms of either the regular market-value standard or the special-zone standard.

At a quick glance, one may ask how can there be any gain realized when the base value has remained the same.

There can be only because, in practice, the NTAA computes the transfer gains using the acquisition value assessed based on the market-value standards that were applied to the year preceding the time of acquisition.

Consequently, even in a situation like this, the seller must report to the tax office and pay the tax.

Transfer gains are computed using the differential between the acquisition and resale values less such deductibles as acquisition tax, registration tax, realtor commission, and other essential expenses.

Further, when the property sold had been in the seller's possession for 2 years or longer, an additional deduction of 1.5 million won is allowed; also allowed in such a case is an inflation-offsetting deduction corresponding to the rate of inflation.

The rate of inflation is determined by the Ministry of Finance and is made public in the ministerial ordinance. Currently, for the tax credit purposes, the maximum allowable rate is 5 percent per annum. But for the period prior to 1 July 1983, inflation-offsetting deductions of up to 15 percent per annum is still allowed. The inflation-offsetting deduction is computed by multiplying the acquisition value by the rates of inflation and by the number of years in possession.

The annual rates of inflation being used by the NTAA are as follows: 15 percent for 1975, 11.2 percent for 1976, 9 percent for 1977, 11.7 percent for 1978, 15 percent for 1979, 15 percent for 1980, 15 percent for 1981, 4.7 percent for 1982, 0.2 percent for 1983, 0.7 percent for 1984, 0.9 percent for 1985, and 0 percent for 1986.

Timely filing is one of the ways to lessen the transfer-gains tax.

To wit, if the seller reports the sale of his real estate to the competent tax office before the end of the month following the sale and pays the tax voluntarily, he is accorded the benefit in the form of a 10 percent reduction of the tax.

Conversely, if he keeps on putting it off and the tax is not paid by May of the following year, he will be levied a 20-percent penalty on top of the tax.

The transfer-gains tax is levied not only on land and structures but also on the gains derived from transfer of such other items as various memberships, one example of which is a golf-club membership; superficies; lease on a house; lease and other rights involving real estate; premium on a store lease; and a right of business.

The gains derived from a transfer of real-estate right which the transferer had held for 2 years or longer are taxed at the rate of 40 percent; if it had been held for less than 2 years, the rate is 50 percent.

The gains derived from transfers of store-lease premium and a right of business are taxed at the flat rate of 40 percent regardless of the time of possession.

Included in the tax code are the provisions whereby certain instances are excused from being considered as an act of transfer and are therefore exempt from transfer-gains taxation.

For example, when a debtor, unable to raise money to repay his debt, opted instead to assign his house or other real property to the creditor as a collateral, if he files a copy of the assignment contract to the tax office, he will be excused from the transfer-gains tax liability.

But in the end, if the debtor fails to fulfill his obligations and the title to the assigned property is formally transferred to the creditor, the case will then be regarded as a real-estate transfer subject to the transfer-gains tax.

Certain transfer gains are exempt from taxation. In addition to the exemption under the "one household, one house" provision, other applicable cases are the gains from disposition of properties resulting from an adjudication of bankruptcy and the gains derived from a transfer of farmland which the seller had tilled himself continuously for 8 years or longer prior to the transfer and which is already subject to the farmland tax.

Acquisition, Registration Taxes: Standard Market Values Used as Taxation Basis

The buyer of a piece of real estate must voluntarily pay the acquisition tax at the concerned land administrative offices—city, district, or ward—within 20 days from the date of settlement. The rate is 2 percent.

Except for such instances in which the actual transaction price can be clearly established—instances such as a sale of an apartment by the housing corporation, a transaction involving a juridical person, or a transaction resulting from a court decision, the acquisition value of the property is assessed on the basis of the standard market values as determined by the Ministry of Home Affairs—the higher assessment basis set for the specially designed zones are not applicable for this purpose.

The registration tax is paid by the person in whose name the title to a piece of real estate is being deeded. The following rates apply: a house purchased—3 percent; a house inherited—0.8 percent; a piece of farmland—0.3 percent.

The registration tax is coupled with the national defense tax which is 0.6 percent of the assessment value in the case of a dwelling.

For the registration-tax purposes, too, the assessment is based on the Home Ministry's standard market values; the tax must be paid before the deed of transfer can be recorded.

Editorial Faults Government for 'Temporizing' on Farm-Products Importation Issue

41070040 Seoul MAEIL KYONGJE SINMUN in Korean 16 Feb 88 p 2

[Editorial: "Pray Work Out Post-Liberalization Countermeasures Before Radical Demonstrations Against Importation of Agricultural Products Spread Further!"]

[Text] 1. To those who oppose tooth and nail the importation of agricultural and livestock products, U.S. pressure for liberalization of our market for those products must seem extremely offensive and our government's supine responses to the pressure very vexing. Even to those who grudgingly accept the inevitability of such liberalization, U.S. pressure concerning such items as cigarettes and beef are perplexing. In their hearts, these people would rather make an offer to open up the markets for some other goods if only doing so would lead to the United States lifting the pressure focused on agricultural and livestock products.

Lately, faced with the situation wherein the demonstrations opposing importation of agricultural and livestock products are gradually turning violent, we find ourselves in a state of not just confusion but extreme lamentation as well. Protest-demonstrations by farmers are one thing, but it is our understanding that popular-opposition elements and college students have begun to take part in these demonstrations at last.

Moreover, these demonstrations, we are told, have now taken the radical form as evidence in the frenzied use of rocks and Molotov cocktails. Although it remains to be seen whether and in what manner such radical demonstrations might proliferate, with universities and colleges poised to reopen for the new school year, it is the possibility of ripple effects that concerns us.

What is more, one such demonstration reportedly was held under the banner of a rally "to fight for the people's right to live." This conjures up in our minds a twin-image of the antigovernment demonstrations that were so ubiquitous in the days past.

This, we fear, may very well prove to be the model for such protest-demonstrations still to come. We say, at the risk of jumping the gun, that it would be ill-advised to turn the focus of these demonstrations to the antigovernment direction. This does not mean that we favor demonstrations of any other form. Most demonstrations, especially the ones more violent than usual, are intrinsically prone to a logical leap. They tend to skip a rational explanation of the context. The result is that the substance of their demand rather weakens in terms of persuasive power; in the end, they end up sidetracking the real reason for their actions. This is why we say it is dangerous if protest-demonstrations against importation of agricultural and livestock products should transmute themselves into antigovernment actions. Rather than moving in that direction, more important would be to

work out effective post-liberalization countermeasures by seriously studying and analyzing the initial impact as well as lasting effects likely to be caused by such importation.

Of course violent demonstrations would be worthwhile if, as a result, the United States would lift the pressure; but, as things stand now, such a possibility is not in prospect at all.

2. Although U.S. pressure on us to liberalize importation of agricultural and livestock products is prompted by the huge U.S. trade deficit, giving it additional impetus is the protectionist sentiment of the U.S. Congress.

Of note is the generic character of the U.S. Congress that makes the Congress an easy prey to the pressure of special-interest groups. In contrast to the executive branch's posture oriented more toward free trade, the congressional field of vision is more apt to be confined to being the spokesman for special-interest groups. Consequently, to us, it is impossible to desist the impression that the U.S. Congress is narrow-minded.

It is none other than the U.S. Congress of this description that is at the peak of fervor right now, pressing for the exertion of pressure on South Korea. This congressional fervor is being manifested in the form of pressure on us to open our market for American cigarettes and beef, among other things.

To make things worse, in the United States the Reagan administration is into its closing period. Understandably, therefore, the leadership on the trade question has now passed over to the Congress. This explains why the Office of U.S. Trade Representatives is coming up with one retaliatory threat after another against us while studying the pleasure of the Congress.

Such being the case, it makes no sense to expect U.S. trade representatives to be paying any attention to our domestic public opinion opposing their pressure tactics. Even if Molotov cocktail- and rock-throwing demonstrations were to continue, it is unlikely that the U.S. side would even blink an eye. The end result would be a useless fight among ourselves.

It is true, of course, that protest-demonstrations do help our government's negotiating position with the United States. In this particular situation, however, a closer look at the facts indicates that it is difficult even to hope for that much of a salutary effect from these demonstrations. The reason is that, as far as beef and cigarettes are concerned, our government has already made a commitment to them, the U.S. side. In other words, all they are doing now is prodding our government to keep its promise; so, having boxed itself in this predicament, our government has no choice but to open the market door for them.

All this means that we the people do not even have the time to inquire into the circumstances—the whys and hows—that have led to the creation of the kind of situation facing us today. From our farmers' standpoint, the situation is a desperate one; nevertheless, the more we resist the stronger the pressure will grow and the sharper the U.S. Congress' critical view of South Korea will become.

3. At issue is the attitude of our government. To put it frankly, even though we recognize the inevitability of having to open up our market, we are very displeased with the way the government has been handling this question.

First of all, we wonder why the government has been temporizing on this issue by resorting to a stopgap policy. It was not too long ago that the government announced a sweeping resolution of all pending trade issues with the United States. Yet, since then not only has U.S. pressure for liberalization of our market been continuing, the severity of such pressure has been increasing as well. It is this situation that leads us to conclude that the government's negotiating posture has all along been nothing more than a series of makeshift moves. Not just we but most of the people feel this way, too.

It is of course possible that those in the government might take exception to such a conclusion, especially if they are patting themselves on the back for having worked hard on the issue under the given set of circumstances. Nevertheless, if this is a perception shared by many of our citizens, it in itself raises another question. To wit, why has the government been so sparing in its efforts to correctly gauge the public sentiment and to win over the public understanding? What gives additional credence to the impression that the government has been the prisoner of its own stopgap policy is the dispatching of so-called megabuck purchasing missions to the United States. It should have been clear that the basic issue could not have been resolved by sporadic purchases of a few billion dollars worth of American goods; yet, several such missions have been dispatched—only to expose our vulnerabilities. To make things worse, supposedly being mindful of the strong regionalism characteristic of the U.S. Congress, these purchasing missions have made pointed efforts to focus on certain specific areas in order to patronize those members of the Congress representing the areas; such efforts have only resulted in the fostering of a camp hostile to our country.

Another thing which we find unacceptable is that the government has yet to come up with any plan to rebuild our agriculture in the face of the pressure for importation of agricultural and livestock products.

If in the end we are to cave in to the pressure and open up the market for such products lest even worse calamity affecting our industrial products might result, such a

move must be preceded by a plan for an epochal rehabilitation of our impoverished agriculture. This is necessary not only from the standpoint of ensuring our self-sufficiency in foodstuff but more as a logical step in the process of persuading the farmers and gaining their understanding. In the eyes of the farmers, the liberalization of importation of agricultural and livestock products is viewed as a life-and-death issue; given the present conditions of the rural areas, that perception is more than fair. This is why the kind of slogan having to do with "the people's right to live"—which was used by the demonstrators on one occasion—tends to have a more persuasive appeal to the farmers.

Lastly, granted that the post-liberalization countermeasures must naturally cover the needs of many different sectors, it is the agricultural and livestock sector that begs immediate, most urgent attention. The government should, we believe, move quickly to come up with a plan to deal with this issue at its root and thereby prevent the demonstrations from turning into an antigovernment move.

09977/06662

SOCIAL

Various Social Indicators for 1987 Reported
41070037 Seoul MAEIL KYONGJE SINMUN in
Korean 23 Jan 88 p 3

[Article by Pak Kam-muk: "Residences Acquired Only After More Than 6 Years of Marriage"]

[Text] It has been discovered that, in line with the worsening of the housing shortage, 57.1 percent of Korean families must wait more than 6 years after marriage before finding a place of their own to live. The highest percentage, 62.6 percent, used savings to obtain their own residence.

Moreover, 24 percent of Korean parents are thinking of having their sons study in graduate school and beyond. Facts such as these were disclosed in the "Social Indicators in Korea, 1987" published by the Economic Planning Board. These social indicators are drawn from a survey last May of a sample of 17,500 families nationwide with around 20 categories, such as what level of education did parents expect for their sons and daughters and how did they go about acquiring a residence of their own and how long did it take them.

The level of education parents expect their children to reach, their enthusiasm for education, has risen even higher over the last 10 years (1977-1987), for both their sons and for their daughters. In 1977, 56.3 percent of parents wanted a college education for their sons. In 1987, that figure increased substantially, to 84.5 percent.

For daughters as well, the figures rose from 33.6 percent to 70.4 percent. Of particular notice is that the percentage of those wanting a graduate school education or beyond for their sons increased from 0.7 percent in 1977 to 24 percent in 1987. Korea truly appears to be realizing a society with a high level of education.

When the responses are analyzed according to the parents' levels of education, the figures show that the more education the parents have received, the more education they anticipate for their sons and daughters. [A total of] 62.6 percent of parents with an elementary school education hope that their sons will at least finish college. But 99.2 percent of college graduate parents want at least a college education for their sons.

The cost of an education is increasing every year. Of particular note is that the burden of paying for an education is greater for farming families than for urban families. In 1970, educational expenses made up 6.8 percent of the overall annual expenditures of farming families. That figure increased to 12 percent by 1986. On the other hand, since 1980, urban families have continued to maintain a level of 6-8 percent. As far as the actual amounts of money involved, during 1986 urban families spent 331,932 won and farm families spent 599,793 won. The fact that the financial burden is greater for farm families is explained as due to the extra costs of such things as living expenses for their children who have to study away from home in the city.

The popularity of radio and correspondence school education has increased sharply. Among people not admitted into high school, the percentage completing the high school curriculum through radio and correspondence courses rose in 1987 to 63.3 percent.

That is about 20-fold increase over the 3.3 percent rate in 1974. In the case of the radio and correspondence college, the rate rose from 10.8 percent in 1974 to 34 percent in 1987.

Early childhood education has also made great progress. In 1970, 1.3 percent attended kindergarten before entering elementary school. That number was 4.1 percent in 1980 and it rose to 24.3 percent in 1987. Accordingly, the number of kindergartens was 484 in 1970, 901 in 1980, and 7,792 in 1987, a sizeable increase. Of particular note is that in the 1980's the number increased by some thousand every year.

The number of women teachers is continuing to increase. When 1980 is compared to 1987, the percentage of elementary school teachers who are women rose from 36.8 percent to 45.7 percent, and among middle school teachers, the percentage increased from 32.8 percent to 40.7 percent.

In academic high schools as well, the percentage increased from 17.2 percent to 20.3 percent and, in colleges, it rose from 15.7 percent to 16.4 percent.

Compared with foreign countries, in the case of elementary schools, Korea is far behind Sweden (82 percent), West Germany (79 percent), England (78 percent), France (67 percent), and Japan (56 percent). But for high schools the figures are generally similar.

The percentage of teachers at all levels who have left teaching dropped sharply between 1970 and 1987. Among elementary school teachers, the figure fell from 6.7 percent to 1.2 percent, among middle school teachers, from 9.5 percent to 2.7 percent, and among academic high school teachers, from 9.1 percent to 3.2 percent.

The survey revealed that, of the families interviewed, 32.4 percent had inherited their homes. Of the remaining 67.6 percent who bought their homes, the highest percentage, 62.6 percent, said they saved to buy their homes. Next were those who had help from parents or relatives (18.1 percent) and those who borrowed from financial institutions or from private individuals (12.9 percent).

As for when they acquired their own residences, 80.1 percent did so after marriage. For the largest percentage (20.8 percent), it took 6 to 9 years after marriage; 19.8 percent took 10 to 14 years; 16.8 percent took 4 to 5 years; and 8.1 percent of the families had to wait more than 20 years after they married before they acquired their own residence.

In addition, those who waited 2 or 3 years to acquire a residence amounted to 15.7 percent and those who acquired their homes in less than a year after marriage were 10.4 percent of those surveyed. Despite the fact that the number of housing starts is growing every year, many families are suffering from a housing shortage. That is because the housing supply ratio is continuing to fall due to the trends toward the nuclear family and the concentration of the population in the cities.

As for the type and size of the houses desired, as before, detached houses are preferred. [A total of] 79.3 percent of the families wanted a detached house. However, that figure shows a continuous downward trend, declining from 92.5 percent in 1979 to 85 percent in 1982. The percentage of families who wanted an apartment instead rose from 6.5 percent in 1979 to 12.5 percent in 1982 to 18.3 percent in 1987.

The survey revealed that, as far as the size of the desired dwelling is concerned, 47.7 percent, the highest percentage, wanted between 20 and 29 pyong. They were followed by those who wanted between 10 and 19 pyong (24.9 percent) and those who wanted between 30 and 39 pyong (19.7 percent). Though 1982, compared to 1979, showed a trend toward a preference for a smaller dwelling, the trend was reversed, with 1987 showing a tendency toward wanting larger dwellings than those desired in 1982.

Twenty-five percent of those who responded to the survey said that they were pleased with their homes; 35.2 percent answered that their residences were nothing out of the ordinary; and 39.8 percent answered that they were dissatisfied.

As for the reasons for dissatisfaction, the survey revealed that, for 29.6 percent, it was that their homes were cramped, for 28 percent, that the fixtures were inadequate, and for 25.9 percent, that their house was time-worn.

Asked why they lived where they did, in a 1984 survey the largest percentage, 37.9 percent, said their financial situation was the reason. Next were the 34 percent who gave their workplace or their business as the reason. However, that order was reversed in 1987, with 38.4 percent giving their workplace or their business as the reason and 32.5 percent saying economic factors. Broken down regionally, 34 percent of urban residents mentioned their economic situation, a much higher figure than the 27 percent of residents of non-urban areas who gave that answer. The 53.2 percent of those who do not live in cities who gave their workplace or their business as their reason is a higher figure than the 34.1 percent of urban residents who gave the same reply.

In regard to how satisfied people were with where they were living, the survey revealed that 34.4 percent were content, more than 20.4 percent who were dissatisfied. By region, more urban residents, 35.7 percent, than non-urban residents, 32 percent, were satisfied. As for the reasons for dissatisfaction, the largest percentage, 34.4 percent, said access to medical facilities was inconvenient. Next were the 29.1 percent who mentioned the inconvenient access to markets and the 11.9 percent who said schools were too far. By region, most urban residents mentioned inconvenient access to markets while most non-urban residents mentioned inconvenient access to medical facilities.

On the other hand, it was discovered that the 40.5 percent who were satisfied with transportation facilities outnumbered the 32.5 percent who were dissatisfied. However, in non-urban areas, there were more dissatisfied (42.5 percent) than satisfied (29.6 percent). The reasons they gave were the insufficient number of routes and runs (37.3 percent), the distance to the bus stop (28.4 percent), and the poor condition of the roads (25.3 percent).

For commuting to school and work, the most common form of transportation was the bus, 38.4 percent. Next came going to work on foot (28.9 percent), and taking a commuter bus (12.2 percent).

For commuting to school, the bus was mentioned by 60.5 percent, followed by walking (27 percent), and electric train (4.9 percent).

There is a trend toward a gradual lengthening of the time taken by commuting to work or school.

In 1983, 9.4 percent took over an hour to commute to work. That figure rose to 12 percent by 1987. The 10.7 percent of those commuting to school who took over an hour rose to 15.7 percent. On the other hand, the percentage of those commuting to work or school who take less than 30 minutes has been shrinking.

The number of families affected by pollution in their neighborhood is decreasing. In 1983, 51.3 percent said there was pollution and 48.7 percent said there was none. However, in 1987 the order was reversed with 36.9 percent saying there was pollution and 63.1 percent saying there was none.

As for the types of pollution, 16.3 percent mentioned noise and vibrations, 9.7 percent, dust, offensive odors, 6.3 percent, and 3.1 percent, soot. Viewed by region, urban pollution decreased from 62.4 percent in 1983 to 45.1 percent in 1987.

However, the sight of a conspicuously higher level than the 21.4 percent of non-urban areas demands continuous pollution control measures.

09953/06662

FOREIGN RELATIONS, TRADE

Trade Friction With U.S. Over Farm Products, Insurance, Land Ownership

41070036 Seoul TONG-A ILBO in Korean
23 Jan 88 p 3

[Article by Kwon Sun-chik and Chong Chong-mun]

[Text] Beef, tobacco, insurance, and land ownership—these are the sources of trade frictions with the United States.

As for tobacco among the agricultural and fishery products, Korea had assured the United States that it would make a major concession. Although the American response was not exactly satisfactory, it was expected that America would understand our position.

Such expectations were raised when Deputy Prime Minister Chong In-yong, following a talk with the United States Trade Representative (USTR) early this year in the United States, recognized problems with Korea's market opening efforts as far as the tobacco question was concerned and therefore, Korea announced that there would be major price readjustments within the limits of the existing law. Deputy Prime Minister Chong himself said that "As for now, it is unlikely that there will be a retaliation."

Deputy Prime Minister Chong expected and implied that the biggest problem would be with beef, and that there would be relatively little reason to be concerned with tobacco since our side was trying to bring about a price adjustment. Nevertheless, on the 22d, the American tobacco industry brought a suit in the U.S. Courts against the Korean Tobacco Public Corporation by invoking the article 301 of the U.S. Trade Law, and consequently Korea's expectations were shattered.

Moreover, the American tobacco industry ridiculously demands not only that the pricing system be changed but also that the Korean system of monopoly be basically overhauled.

The Korean negotiators reacted violently against the American industry's demands for the reorganization of the Korean monopoly system, with its long history, even if such demand was based on the principle of the market economy.

But the American tobacco industry claims that its annual loss in the export price reaches \$520 million in the \$21 billion Korean tobacco market in retail price, and that this is because of Korea's closed monopoly system.

First of all, the American industry attributed the reasons for U.S. cigarettes costing as much as 1,300 won per pack to such factors as the monopoly profit accounting system which imposes a tax on the manufacturers, the unreasonably high tariffs, and the discriminatory domestic taxes. It maintained that all the problems including the ban on the distribution, and the promotion of sales, and joint ventures are caused by the Korean monopoly system.

According to the analysis of officials, the fact that the American tobacco industry even goes to the extent of demanding the reform of the monopoly system without regard to the incredible price cuts offered by the Korean side is because of its strategy to get more out of the negotiations. In other words, it is viewed as a business strategy by an American industry that it has nothing to lose even if it takes the offensive by invoking Article 301 of the 1974 U.S. Trade Law since the Korean side cannot afford to retreat from the line of concessions that it has proposed.

They are well aware of a precedence involving the American film industry and the Korean Ministry of Information and Culture. When the American film industry brought a suit against the Ministry of Information and Culture to open the Korean film market by invoking Article 301, it even mobilized lobbyists to plead its case. Most of its demands were later granted in return for dropping the suit.

The motives behind the American tobacco industry's bringing suit against the Korean Government and the tobacco public corporation are that it calculates that the Korean side would eventually be compelled to give in

and negotiate. Then, it could exert pressure on the Korean Government to immediately implement its promise to lower the price of American cigarettes to the 700-won level per pack, and it might even be able to distribute American cigarettes directly to the market through its major dealers.

On the ground of sales promotion the American tobacco industry has even asked the Korean Government to grant permission to advertise cigarettes, which is banned in the United States. Further, it complains that if the restrictions on the sale of imported cigarettes imposed by the Korean monopoly system is removed, it could have 35 percent of the Korean cigarette market but presently it has only 0.6 percent of the market.

On the other hand, the USTR has quietly slipped out of the picture after having won a concession package from the Korean Government. A USTR official said that it had advised the concerned U.S. businesses to make their own judgments after having explained the details of the Korean proposal.

As a result, the American Tobacco Export Association brought a suit under Article 301, and in exactly the same manner, the beef exporters also are reportedly preparing to bring a suit under Article 301. As far as beef is concerned, the USTR itself, on government's behalf, is reportedly planning to take the case to the GATT (General Agreement of Tariffs and Trade).

But as for the cases of insurance and acreage ownership, they had been settled through negotiations as a result of the invocation of Article 301 in 1985. Now the problem is in the area of implementation of the agreement. It is learned that the American side is somewhat cautious in invoking Article 301 again for it would be compelled to take "immediate steps to put sanctions on Korea in place if it did."

But the trade officials in Washington indicated that Korea is overly frightened by the American threat of trade sanctions under Article 301 of the 1974 Trade Law. If the United States threatens with Article 301, the Korean side's position at a negotiating table becomes weak because of the attempt to avoid trade sanctions before they become a reality.

In contrast, it may be said that Japan or Taiwan started to talk to settle the trade frictions only after they had been hit by Article 301. In the case of Korea, when it comes up with a concession proposal to bring about a package settlement, the USTR is quietly turning the matter over to the industries. The fact that the American industry threatens Korea with Article 301 may very well be that it tried to take advantage of Korea's fear of Article 301.

Unhappy about Korea's liberalization of its cigarette market, the American tobacco industry brought a suit to the USTR by invoking Article 301 of the U.S. Trade Law. For us, this was an unexpected move.

Our government has held negotiations between the two countries on the pending trade issues, such as beef, insurance, and cigarettes. Among the concessions officially made by our government on the 22d to the United States, the greatest concession was seen in cigarettes. For this reason, the recent suit was unexpected.

There is little chance that sanctions will be invoked right away because when a suit is brought by an industry, the USTR must decide whether or not an investigation should be launched within 45 days, and even if an investigation is decided upon, there will be at least a 1-year time lapse from the beginning of the investigation to the making of a recommendation for sanctions to the President.

But, if Article 301 is formally invoked, there would be adverse effects on negotiations on such items as beef, insurance, and agricultural products let alone the issue of further liberalization of the cigarette market. There is fear that in a worst case scenario retaliatory measures might very well affect the principal export items such as automobiles and electronic goods to the United States.

The U.S. administration's official position is expected to be conveyed to the Korean Government in a day or two but Yeutter, chief negotiator of the USTR, who held a talk with Korean Ambassador to the United States Kim Kyong-won was reported to have shown a positive response to the Korean position in the case of cigarettes.

Accordingly, sources close to the trade negotiations believe that the USTR would not accommodate the American tobacco industry's suit in its entirety.

During the Kim-Yeutter talk, our side notified the American side that the sale price of the imported cigarettes would be lowered to 820 won in early February, and by revising the tariff law, the price would be further reduced to the 700 won level.

Earlier, the American tobacco industry had demanded that the price be lowered to 820 won on 1 February and 750 won effective on 1 July.

In other words, during that intervening period of 6 months a further reduction demand was made, and the U.S. industry showed its toughness by resorting to the suit under Article 301.

Our position is that in the situation where the new National Assembly has not even been formed, it is practically impossible to effect the additional reduction in July by amending the law during the first half of this year.

Article 301 of the Trade Law which the United States wields as a weapon for tough protectionism is a threatening provision to her trade partners.

Article 301 may be activated when the concerned industry brings suit against unfair trade practices of trade partners, or by the authority of the USTR or the President.

When a suit is brought by an industry, the USTR must decide within 45 days whether or not it should undertake an investigation. If the negotiation fails within a year after commencing the investigation or negotiations between the parties involved, then it may recommend to the President whether or not to impose sanctions.

Under the retaliatory measure, a maximum of 100 percent of penalty tariffs could also be imposed on goods other than the items, such as cigarettes, affected by Article 301.

As a rule, in the course of a negotiation, the United States comes up with far more demands than it started out with. Consequently, once suit is brought against a trade partner, the partner is put in a very disadvantageous position.

Actually, in 1985, in our case, Article 301 was invoked by the authority of the USTR against the insurance and land ownership, but these issues were settled through negotiations. Also, in 1985, the American film industry brought a suit against us under Article 301, but through an amicable settlement of the case between the concerned industries of both countries the suit was withdrawn.

Last November, an American company called Bristol Myers Company sued Dong-A Pharmaceutical Co. under Article 301 for patent right's violation regarding antibiotics but through negotiations, the suit was dropped on the 15th of December. This time, the American industry has brought a suit against Korea under Article 301 for the opening of the cigarette market.

By invoking Article 301, the United States has so far imposed penalty tariffs more than 10 times on Japan and the European Community.

Last April, the American administration imposed a 100 percent penalty tariff on Japanese computers, color television sets, and machine tools on the ground that Japan violated the semiconductor agreement. For the European Community which banned the importation of American beef last November, it decided to retaliate by imposing \$100 million worth of penalty tariffs, and it is presently selecting the items to be penalized.

The trade officials indicated that in most cases a 100 percent retaliatory tariff is imposed under Article 301 whenever a bilateral negotiation breaks down, and they

are afraid that if the retaliatory tariffs are imposed on automobiles and electronic goods, the export of these affected goods to the United States will become almost impossible.

According to the trade officials, the U.S. administration is expected to bring a suit to the GATT some time next week against Korea forcing the liberalization of the beef market in the wake of the suit under Article 301 for the opening of the cigarette market.

Accordingly, it appears that from next week on attention will be focused on whether or not the USTR will formally launch an investigation by accepting the suit brought by the American tobacco industry under Article 301, and whether or not it will bring a suit to the GATT regarding the question of the Korean beef market.

12474/06662

POLITICAL

Clarification of Compatibility Between Collectivism, Individualism

41100047 Pyongyang NODONG SINMUN in Korean
27 Jan 88 p 2

[Text] The theory that there is a fundamental unity of collective and individual benefits in a socialist society holds an important place in the theory of the superiority of the socialist system, as explained by our party.

Comrade Kim Chong-il, member of the Party Central Committee Political Bureau Standing Committee, and party secretary, taught as follows:

"There has been a fundamental unity of collective and individual benefits in a socialist society."

The problem of unifying collective and individual benefits is not solved in just any type of society. This matter divides society into hostile classes, and absolutely cannot be realized in an exploitative society, which is controlled by the principle of the law of the jungle. The fundamental unity of collective and individual benefits can only be attained in a socialist society—this is one of the superiorities of the socialist society.

The capitalist system is a social system based on individualism, which sets, as the first priority, personal profit and needs. Because the pursuit of personal gain has become the highest motive in a capitalist society, discord and stumbling blocks come between people.

The dear comrade Kim Chong-il, based on a profound interpretation of the fundamental superiority of the socialist system, explained theoretically that in a socialist society collective and individual benefits have been fundamentally unified. This strongly demonstrates the superiority of the socialist system compared with capitalism and constitutes a powerful weapon in the endless struggle to enhance the socialist system.

Party theory, which says that collective and individual benefits have been fundamentally unified under the socialist society, above all are based on a scientific elucidation of the fundamental superiority of the socialist system.

The basic question which arises in unifying collective and individual benefits is how a social system can incorporate the collective benefits of any class or society. A social system is based on people; it is based on service to people. We cannot, as a result, have a social system which departs from the collective benefits of a fixed class or society.

The socialist system is a social system in which the working masses have become the master of all, and in which all of society is in service to the working masses of people.

Basically, the working classes have achieved a sociopolitical life system in which people have shed all exploitation and oppression and demand a life which replaces life's hardships with independence and creativity. A socialist society is nothing less than a society which embodies the demands of the working class and the benefits of the working masses. This society guarantees people social conditions in which it is possible to live and develop in accordance with the characteristic of the independence of mankind.

We can say that this is a social system where society is based on collectivism as a social factor, establishing as the top priority the demands and benefits of collectivism unified in one sociopolitical life system. This society takes as its highest ideal an existence in which all people lead a sociopolitical life, avoid life's hardships and make a life lived as masters of their world and fate.

Because protecting the life of the social collective and the benefits of a cooperative society has become the highest motive in a socialist society, mutual harmony and comradesly love among people has blossomed.

Helping each other under the slogan "one for all, all for one," and replacing the hardships of life are the superior characteristics of a socialist society. Therefore, in a socialist society, all people give first priority to the collective benefit, and struggle for the development of society and the collective.

Certainly, to say that a socialist society is based on collectivism does not mean that individual benefits are disregarded.

Individual and collective benefits are closely related in a socialist society. The benefits for the collective in a socialist society become benefits to the workers themselves; the benefits of individual workers become part of the benefits of the social collective. In developing the collective, the individual is also developed, and when the share of the social collective is increased, the share going to every worker is also increased a like amount. Therefore, in a socialist society, workers understand the superiority of the socialist system and struggle with every effort for the collective benefit of society.

In a socialist society, the fundamental rule that makes for unity between collective and individual benefits is that political rights and the means of production have been grasped at the level of the working masses. In exploitative societies, because the working masses do not have national sovereignty, they are not in control of the means of production, they are not the masters of society, and they become the object of exploitation and oppression. Furthermore, because the political system is based on the idea of benefits for the exploiting class, the masses of people have their benefits infringed upon and are the targets of all kinds of personal indignities and contempt.

Because the working masses are masters of national sovereignty and are owners of the means of production in a socialist society, they have become true masters of society, and the political system which is beneficial for them is practiced. The fact that today in our country all national policies are being operated for the benefit and happiness of the working classes, including workers and farmers, and all segments of society are involved in improving the prosperity of the working people is proof that collective and individual benefits can be unified when the working people become the masters of national sovereignty and own the means of production.

The theory which says that collective and individual benefits have been fundamentally unified in a socialist society—one which our party elucidated—gave a scientific interpretation to the question of management and operation of a socialist system, based on a method of further collectivization.

To say that collective and individual benefits have been unified under the fundamental superiority of the socialist system is not to say that this has been completely realized. The problems of the superiority of the socialist system and of building on it are separate questions. The question relating to individual and collective benefits is not related only to the system itself but is closely related to its operation and management.

Combining correctly collective and individual benefits is a very important question in the management and operation of a socialist society.

The correct path for unifying collective and individual benefits in a socialist society is that of managing and operating the socialist system according to collective methods. Basically, socialist life is collective. In accordance with the collective method, not only is society developed along the lines of the basic requirements of the socialist system, but individual benefits can be guaranteed. Collectivism does not disregard individual benefits and initiatives; rather, it holds them as precious. Getting all elements of society to help each other and removing hardships are the basis of collectivism. Opposing collectivism gives a higher priority to individual benefits over collective benefits.

While we say we guarantee the unity of the social collective, if we say we cannot elevate the independence and initiative of people, we are unable to guarantee true unity in the collective. On the other hand, if we say we guarantee the independence and initiative of people, this is an impediment to the unity of the collective. We cannot guarantee alone the independence and initiative of individuals by weakening the life of the social collective, which is the mother of the life of the individual. Because of this, when we effectively protect the independence and creativity of all personnel who make up the collective and further develop it, we are able to

strengthen the life of the collective whole. Moreover, the interdependence and creativity of people must be realized within a framework of guaranteeing collective unity everywhere.

Collectivism is a sort of egalitarianism, but it has absolutely no connection with "totalitarianism." Collectivism requires that we prioritize and give higher value to the greater share for people who work harder for the collective and contribute to a higher development of society and the collective. Because of this, the principle of socialist distribution does not conflict with the principles of collectivism. The more the principle of socialist distribution is carried out in the socialist system, the more the unity of collective and individual benefits is realized.

The correctness of the theory of the fundamental unity of collective and individual benefits in a socialist society, which our party explained, is indisputably confirmed by the reality of our country.

Our country's socialist system, which embodies *chuche* thought, is the most superior social system. Today in our country, all policies of the party and nation are carried out on the principle of correctly combining collective and individual benefits in accordance with the basic requirements of the socialist system. Workers work and live under the socialist principle "one for all, all for one."

In our country, the nation manages and operates the economy with deep concern to fully guarantee both collective and individual benefits. The road to realizing the *Taeaeon* work system and the agricultural theses, which our party established, justly embodies these sorts of collective principles. Based on this, while guaranteeing speedy development of the country's economy, a correct balance of accumulation and consumption is guaranteed in order to raise quickly the material and cultural life of workers. All workers are correctly carrying out the principle of socialist distribution in order to be compensated according to the quantity and quality of their own labor. In setting the price of goods, even while guaranteeing needed income for the national economy, the price of consumer goods necessary for people's lives is set as low as possible in order to raise their standard of living.

In guaranteeing the unity of collective and individual benefits, particularly in our country, there is great concern for extra social benefits for workers. In our country, which has already eliminated the agricultural tax in kind, and abolished the tax system completely, we are implementing free compulsory education and free medical care, a system of paid holidays and regular vacations, and social security. Furthermore, living quarters for workers, office workers, and farmers are built at national and societal expense; workers, office workers, and farmers receive a supply of food from the nation at absolutely no cost.

Today in our country all workers enjoy a happy life, not worrying about food, clothing, or work, or concerns about educating their sons and daughters, or obtaining medical care. Due to this, our workers deeply comprehend that they have happy lives in this steady development of the socialist system, and they are intensively struggling for collective benefits. Because of this, in our society, collective and individual benefits essentially are one; all elements of society have one sociopolitical life and are firm in their support of it.

The party's theory concerning the fundamental unity of collective and individual benefits in a socialist society strongly shows the superiority of the socialist system and

indicates that it will be able to shine even more. This theory, while upholding "individual freedom," enhances proletarian society; it strikes a decisive blow at all sorts of reactionary ideological trends which are trying to slander the socialist society.

By studying and comprehending deeply our party's ideological theory, all party members and workers must deeply understand the superiority of the socialist system, and they must struggle positively to continue to develop this system.

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